



# ***STARTUP PERSPECTIVES***

*Startup Ecosystems in  
the Ems-Dollart Region*

## *Initiator*

Ems Dollart Region (EDR)

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# „STARTUP ECOSYSTEMS IM EMS-DOLLART-GEBIET“

Startups sind ein vitaler Bestandteil der Evolution von nationalen Ökonomien, indem sie Innovation und neue Ideen vorwärts treiben und so positive Auswirkungen in Regionen mit strukturellen Herausforderungen haben können. So sind Startups beispielsweise ein Garant für mehr und attraktive Arbeitsplätze. Im Zeitalter des Internet und neuen Technologien bereichern Startups eine Vielzahl von Industrien wie Energie- und Gesundheitsversorgung. Startups sammeln sich meist an einem bestimmten Ort, wo sie die notwendigen Ressourcen für ihren Erfolg vorfinden. Zu einem Startup-Ökosystem gehören vor allem die öffentliche und private Unterstützung, Hochschulen und Forschungseinrichtungen, Inkubatoren und Akzeleratoren sowie Expertenwissen in Recht, Rechnungslegung und Beratung.

Das Projekt 'Startup Perspectives' wird vom deutsch-niederländischen INTERREG Programm unterstützt und ist Teil im Dachprojekt Arbeitsmarkt Nord der Ems-Dollart-Region (EDR). Das Ziel des Projektes umfasst die Analyse der regionalen Startup-Ökosysteme. Aus den Ergebnissen wurden Informationen gewonnen, wie sich die existierenden regionalen Ökosysteme im Norden der Niederlande (Groningen, Friesland/Drenthe) und im Nordwesten Deutschlands (Emsland/Ostfriesland, Oldenburg) zusammen setzen und inwieweit diese Ökosysteme miteinander vernetzt sind bzw. vernetzt werden können, damit die GründerInnen und regionalen Akteure von dieser vorhandenen Infrastruktur im Ems-Dollart-Gebiet profitieren können.

Aus den Ergebnissen der semi-strukturierten Interviews mit Akteuren in den Regionen lässt sich das Fazit ziehen, dass die beiden Regionen Groningen und Oldenburg in den letzten Jahren erfolgreich ein Startup-Ökosystem aufgebaut haben. Treibende Kraft war und ist hier die Anbindung zu den Hochschulen vor Ort ('Zugang zu Talent') die Verankerung der Gründungskultur in den Curricula und die Ansiedlung von Inkubatoren

und Akzeleratoren als wichtiger Treiber unternehmerischen Handelns. Eine wichtige Rolle spielt gleichermaßen die öffentliche Hand mit ihren Startup-freundlichen Bedingungen für Neugründungen. Sowohl Groningen als auch Oldenburg stehen mittlerweile auf einem Spitzenplatz im jeweils nationalen Vergleich der Gründungsaktivitäten. Beide Standorte engagieren sich stark in den Bereichen IT, Energie- und Gesundheitsversorgung. Der arbeitsmarktrelevante Aspekt ist signifikant. In Groningen allein zeichnen sich ca. 2000 Startups und junge Unternehmen für über 11.000 Arbeitsplätze verantwortlich.

In den Regionen Emsland/Ostfriesland und Friesland/Drenthe wird das Thema Startups und Gründungskultur aufgrund der strukturellen Herausforderungen (u.a. Abbau von Arbeitsplätzen bei Schlüssel-Arbeitgebern in der Region) in den nächsten Jahren immer wichtiger. Hier zeigt sich als Ergebnis aus den Interviews, dass zwar an vielen Stellen Teile der Ökosystem-Infrastruktur bereits vorhanden sind, die einzelnen Puzzlesteine für ein erfolgreiches Startup-Ökosystem allerdings noch nicht in ausreichendem Maße miteinander vernetzt sind, um auch nachhaltig erfolgreiche (Aus)Gründungen zu fördern. Des Weiteren fehlt es den einzelnen Ökosystemen in diesen Regionen an „kritischer Masse“, um sich alleine den Herausforderungen und Wachstumsmöglichkeiten stellen zu können.

Fazit: aufgrund des großen arbeitsmarktrelevanten Potentials von Startups für die Region und der grenzüberschreitenden Kooperationsbereitschaft vieler Akteure empfehlen wir für das EDR-Gebiet eine Startup-Strategie. Die Strategie hat zum Ziel, im EDR-Gebiet eine grenzüberschreitende Startup-Szene zu entwickeln und nachhaltig zu fördern. Netzwerke und Netzwerkstrukturen sind wichtige Erfolgsfaktoren für Startups.

Die funktionierenden Ökosysteme in Groningen und Oldenburg dienen als Vorbild und Ausgangspunkt für ein homogenes und grenzüberschreitendes Startup Ökosystem in der EDR. Was Groningen und Oldenburg vorzeigen fehlt größtenteils in Friesland, Drenthe, Ostfriesland und im Emsland. In Zusammenarbeit mit den regionalen (öffentlichen) Trägern wird in jeder Region ein Startup-Ecosystem Konjunkturprogramm initiiert. Hierbei sollen regionale Startup- Ökosysteme gestärkt und nachbarschaftliche sowie grenzüberschreitende Zusammenarbeit ermöglicht werden.

*Zur Erreichung dieser Ziele dient der Aufbau des EDR Startup Centers:*

- Digitale Startup Plattform für das EDR Gebiet
- EDR Startup Datenbank
- EDR Meetups
- EDR Startup Awards
- EDR Startup Training Center
- Grenzüberschreitende Mentoren für junge Gründer
- Grenzüberschreitender Inkubator
- Grenzüberschreitende Entrepreneurship Hochschul- und Bildungsprogramme

Die Vernetzung und die Kooperation der unterschiedlichen Regionen mit einem grenzüberschreitenden Austausch ermöglicht Wachstum in der gesamten Ems-Dollart-Region. So können Startups einen wichtigen Beitrag zur nachhaltigen wirtschaftlichen und gesellschaftlichen Entwicklung in der Region leisten und bieten gleichermaßen eine wichtige Antwort gegen den demographischen Wandel dar.

*Perspektive Startups!*



## „START UP ECOSYSTEMS IN HET EMS-DOLLART-GEBIED“

Start ups zijn een vitaal onderdeel van de evolutie van nationale economieën, stimuleren innovatie en nieuwe ideeën en hebben een positief effect op regio's met structurele uitdagingen. Start ups zijn bijvoorbeeld een garantie voor meer en aantrekkelijke banen. In het tijdperk van internet en nieuwe technologieën verrijken start ups een verscheidenheid aan industrieën, zoals energie en gezondheidszorg. Start ups verzamelen zich meestal op een specifieke locatie waar ze de middelen vinden die ze nodig hebben om te slagen. Een startup-ecosysteem omvat voornamelijk publieke en private ondersteuning, universiteiten en onderzoeksinstituten, incubators en accelerators, evenals vakkennis op het gebied van wetgeving, accounting en consulting.

Het project 'Startup Perspectives' wordt ondersteund door het Duits-Nederlandse INTERREG-programma en maakt deel uit van het overkoepelende project Arbeidsmarkt ten noorden van de Eems- Dollard Regio (EDR). Het doel van het project is om de regionale start up-ecosystemen te analyseren. De resultaten gaven informatie over hoe de bestaande regionale ecosystemen in Noord-Nederland (Groningen, Friesland / Drenthe) en Noordwest-Duitsland (Emsland / Ostfriesland, Oldenburg) zijn samengesteld en in welke mate deze ecosystemen kunnen worden onderling verbonden, zodat de oprichters en regionale belanghebbenden kunnen profiteren van deze bestaande infrastructuur in het Eems - Dollard gebied.

Uit de resultaten van de semi-gestructureerde interviews met actoren in de regio's kan worden geconcludeerd dat de twee regio's Groningen en Oldenburg de afgelopen jaren met succes een start up-ecosysteem hebben opgezet. De drijvende kracht was en is de verbinding met de lokale hogescholen (toegang tot

talent'), de verankering van de grondleggende cultuur in de leerplannen en de oprichting van incubators en accelerators als een belangrijke motor voor ondernemersactiviteit. De publieke sector speelt ook een belangrijke rol bij de start up-vriendelijke voorwaarden voor start ups. Zowel Groningen als Oldenburg hebben nu een leidende positie in de nationale vergelijking van opstartactiviteiten. Beide locaties zijn sterk betrokken bij IT, energie en gezondheidszorg. Het relevante aspect op de arbeidsmarkt is aanzienlijk. Alleen al in Groningen zijn ongeveer 2000 start ups en jonge bedrijven verantwoordelijk voor meer dan 11.000 banen.

In de regio's Emsland / Ostfriesland en Friesland / Drenthe wordt het onderwerp start-ups en start-upcultuur de komende jaren steeds belangrijker vanwege structurele uitdagingen (waaronder banenverlies bij belangrijke werkgevers in de regio). Hieruit blijkt, als resultaat van de interviews, dat delen van de ecosysteeminfrastructuur al op veel plaatsen aanwezig zijn, maar dat de individuele puzzelstenen voor een succesvol startup-ecosysteem niet voldoende met elkaar verbonden zijn om duurzaam succesvolle (off) start ups te zijn promoten. Bovendien missen de individuele ecosystemen in deze regio's een „kritische massa“ om zelfstandig de uitdagingen en groeimogelijkheden aan te gaan.

Conclusie: als gevolg van de grote arbeidsmarkt potentieel van startups voor de regio en de grensoverschrijdende samenwerking van vele partijen, raden wij u een start-up strategie voor het EDR gebied aan. Het doel van de strategie is om een grensoverschrijdende opstartscène in het EDR-gebied te ontwikkelen en deze duurzaam te promoten. Netwerken en netwerkstructuren zijn belangrijke succesfactoren voor start ups.

De goed functionerende ecosystemen in Groningen en Oldenburg dienen als een model en uitgangspunt voor een homogene en grensoverschrijdend start up ecosysteem in de EDR. Wat Groningen en Oldenburg te bieden hebben, ontbreekt meestal in Friesland, Drenthe, Ostfriesland en Emsland. In samenwerking met de regionale (openbare) agentschappen wordt in elke regio een start up ecosysteem economisch stimuleringsprogramma geïnitieerd. Het doel is om regionale startup-ecosystemen te versterken en om samenwerking tussen buurlanden en over de grenzen heen te faciliteren.

*Om deze doelen te bereiken, dient de structuur van het EDR Startup Center:*

- Digitaal opstartplatform voor het EDR-gebied
- EDR-opstartdatabase
- EDR Meetups
- EDR Startup Awards
- EDR Opstarttrainingscentrum
- Grensoverschrijdende mentoren voor jonge ondernemers
- Grensoverschrijdende incubator
- Onderwijs- en opleidingsprogramma's voor grensoverschrijdend ondernemerschap

Het netwerken en samenwerken van de verschillende regio's met een grensoverschrijdende uitwisseling maakt groei in de hele Eems-Dollard regio mogelijk. Aldus kunnen start ups een belangrijke bijdrage leveren aan de duurzame economische en sociale ontwikkeling in de regio en ze bieden eveneens een belangrijk antwoord op de demografische veranderingen.

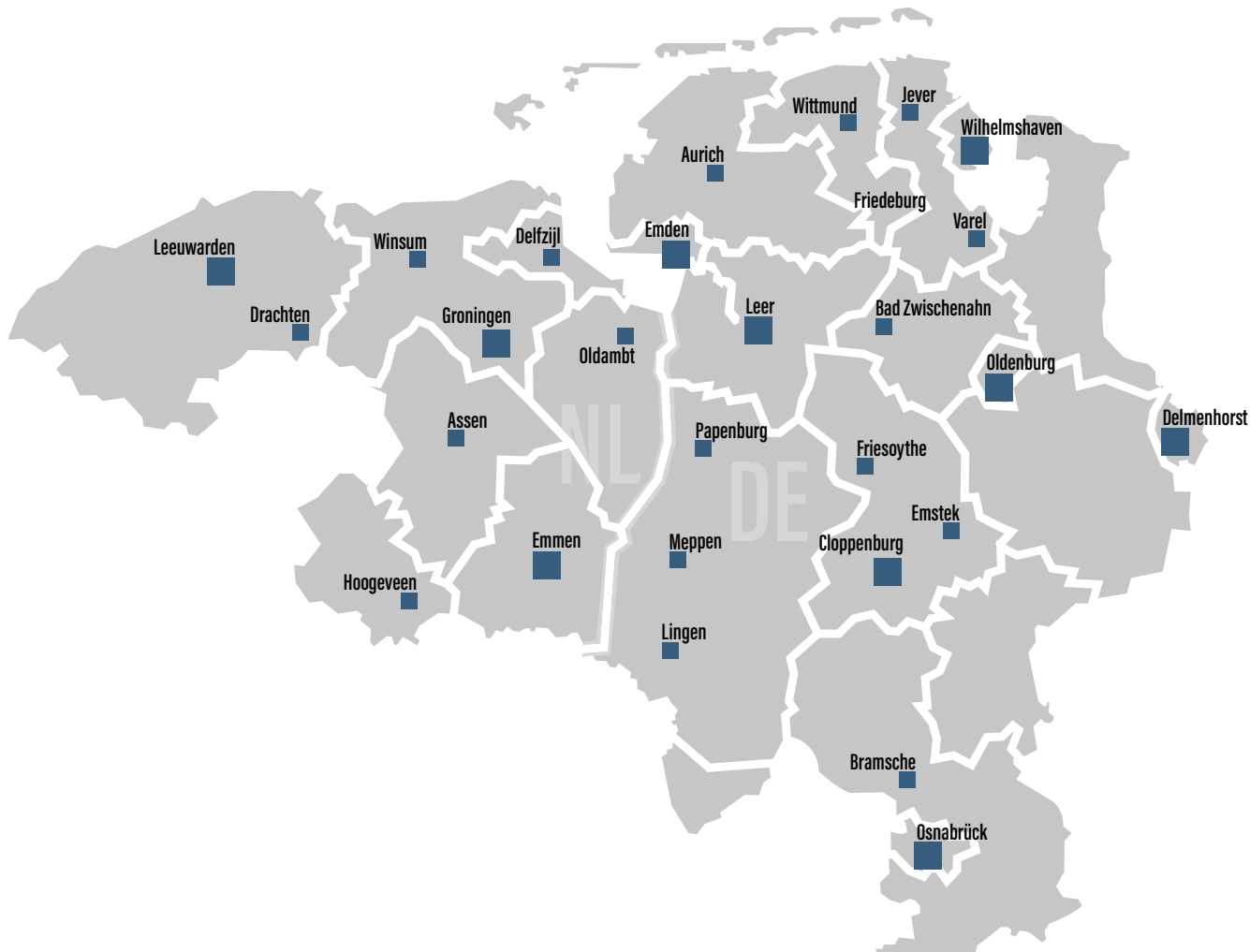
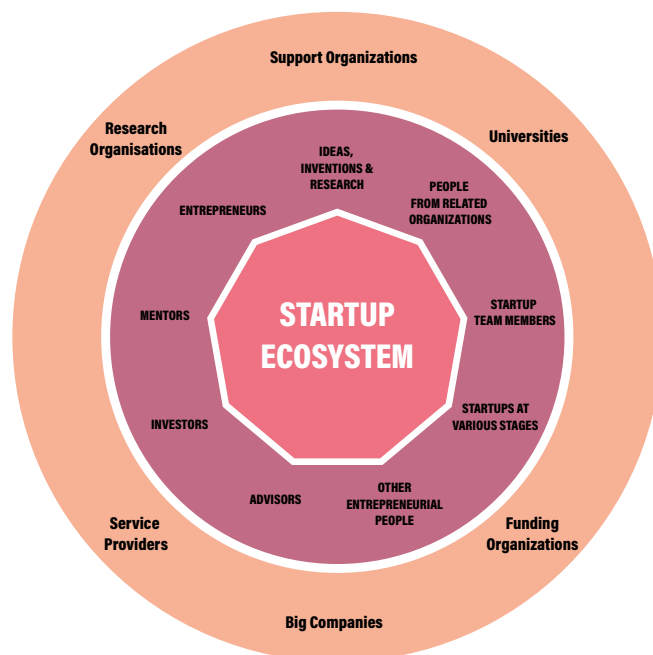
*Perspectief startups!*



# STARTUP ECOSYSTEMS IN THE EMS-DOLLART REGION

Startups are vital to the evolution of national economies. They drive innovation and new ideas forward, thereby developing positive trends in regions with structural challenges and driving the creation of new jobs. In the age of the internet and advanced technologies, startups involve a wider range of industries, including energy and healthcare. Startups tend to cluster in an ecosystem where they can find the necessary resources for their success, including public-sector and private-sector support, universities and research centres, incubators and accelerators, and expert services like legal, accounting, and consulting ones.<sup>4</sup>

The *Startup Perspectives project* is supported by the Interreg Germany Netherlands programme and is part of the Ems Dollart Region (EDR) *Arbeitsmarkt Nord Kuppelprojekt*. The aim of the project was to explore the regional startup ecosystems and identify (existing) types of cross-border collaboration between entrepreneurs and other stakeholders in the startup ecosystems in the north of the Netherlands and north-western Germany, the Ems-Dollart Region.



Definitions of *startups* differ in their depths and breadths. Opinions are split among researchers and institutions as to what specifically defines a startup. Blank (2010), a pioneer in the field of startup development defines a startup as “a temporary organisation designed to search for a repeatable and scalable business model.”<sup>5</sup>

The initial impetus for the project was the ongoing growth of startup industries in recent times. In particular, in the Dutch city of Groningen the startup scene has been a prominent factor in the success of the regional economy. For many years,

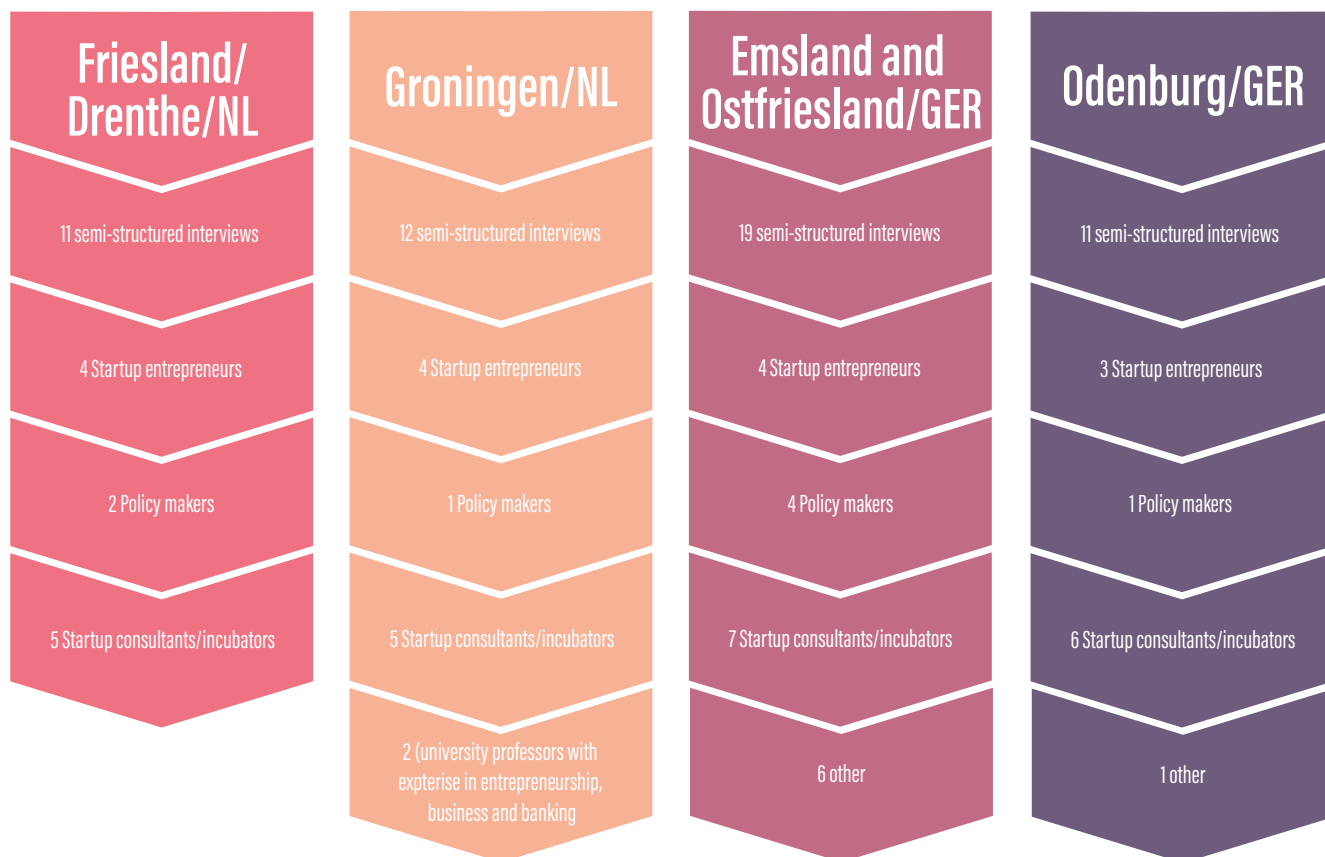
Groningen companies have been in second place on the Deloitte Fast 50 list of fastest growing companies, and Groningen startups such as *HackerOne*, *Chordify*, *Twilight* and *Diagnoptics* are famous beyond the city for creating a distinct international profile for themselves.<sup>6</sup> At the same time, only 140 km away from Groningen in the north-west of Germany, the city of Oldenburg has created its own very vibrant startup scene. According to the *German startup Monitor 2017*, Oldenburg and Hannover are among the top 10 in the monitor’s German startup ranking and can claim a functioning startup ecosystem.<sup>7</sup> The interviews

with entrepreneurs for this project revealed that the startup scenes on both sides of the border are predominantly focused on collaboration within their own countries. For example, Groningen’s startups first turn towards Amsterdam and the Randstad when considering collaboration whereas Oldenburg’s entrepreneurs focus further east towards Hamburg and Berlin, Germany’s main startup hub. Geographically, the distance between Groningen and Oldenburg is significantly less than their preferred collaboration partners in Amsterdam and Hamburg/Berlin respectively.

In the light of the cross-border aims to connect startup ecosystems in the Netherlands and Germany for their mutual sustainable benefit, this project examined the EDR region. In total, six areas were examined and combined into four ecosystems:

1. The city and province of Groningen
2. The provinces of Friesland and Drenthe
3. Emsland and Ostfriesland
4. Oldenburger Land and Stadt Oldenburg

The primary research was conducted with ecosystem representatives. Startup entrepreneurs, policymakers and business support providers from each ecosystem were questioned in semi-structured interviews, mostly face-to-face, between April and October 2018. 10–20 interviews per ecosystem were conducted, resulting in a total sample of 53 interviews in the EDR region.



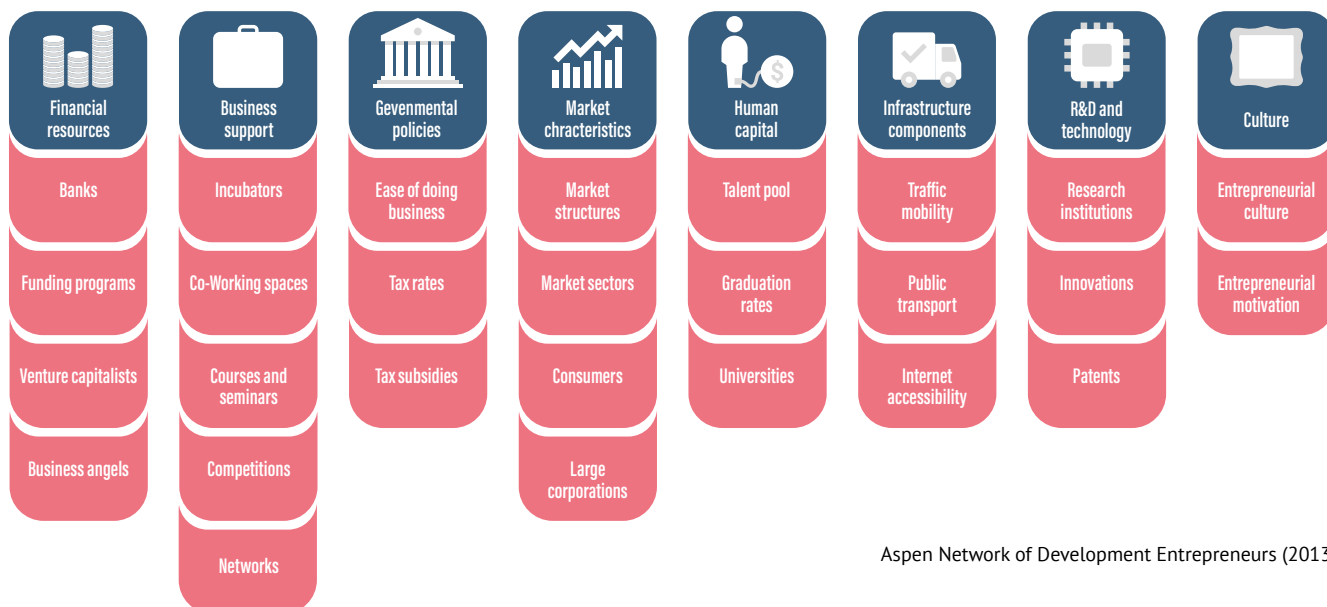
*Despite the non-standardized nature of semi-structured interviews, the reliability and validity of the data was ensured by reducing interviewer bias in the following ways:*

- The questions were asked in a non-leading way; when the answers were not clear, the interviewer followed up
- All the interviews were recorded and transcribed in order to obtain coherent information about them
- The final interview transcripts were sent back to the interview partners for a final check and validation of the interview content
- The APA guidelines were followed

Unlike quantitative research with large sample sizes and a very standardized approach, the purpose of semi-structured interviews as a research methodology is not to obtain generalizable results. However, with a respectable mix of research participants and findings, the results deliver valuable insights and can lead to specific conclusions, at least for the specific regions investigated.

In order to ensure a common frame of reference, the *Entrepreneurial Ecosystem Diagnostic Toolkit* was adapted to analyse the startup ecosystems.





The toolkit is designed to determine entrepreneurship ecosystems in general but many aspects of it also apply to startup ecosystems, which are a type of entrepreneurial ecosystem. The adaption complemented the toolkit's determinants with features typical of startups such as business

angels, co-working spaces, universities, research institutions and cultural aspects. The time frame for startups ranges between 1 and 10 years from the start of the business. It can be argued that startups should come up with an innovative idea in an established sector or a newly established technology. In an

increasingly digitalised world, startups often make use of new technologies to drive innovative change. Another criterion for startups is growth. Many rankings and startup awards look at their annual growth rates. Hence the next stage for any ambitious startup is to scale up.

## Startup Perspectives

### GRONINGEN

Groningen is the main municipality, the largest city and the capital of the province. It is the most north-eastern province of the Netherlands with borders on the provinces of Friesland in the west, Drenthe in the south, the German state of Lower Saxony (districts of Leer and Emsland) in the east, and the Wadden Sea in the north.



Groningen is home to approximately 260,000 inhabitants.<sup>8</sup> The city of Groningen is the economic hub of the province. The unemployment rate in the province of Groningen is 8.5% (2016) and this is the highest of all the provinces in the Netherlands. At the same time, the province has a strong economy with the following features:<sup>9</sup>

- A strong maritime hub in the Ems Delta region at Delfzijl and Eemshaven;
- A strong chemical industry around Delfzijl (*AkzoNobel, Lubrizol, Teijin Aramid*);
- Gas and energy companies (*NAM, GasTerra*);
- IT, engineering and construction. A new data centre has been built near Delfzijl (Eemshaven) by *Google*;
- Besides commercial companies, the main employers in the city are the University Medical Center Groningen with 12,141 employees, the University of Groningen with 5,591 employees, the Municipality of Groningen with 3,063 employees, and the Education Implementation Service (DUO) with 2,000 employees.

All the above factors contribute to the fact that Groningen ranks top in the Dutch startup landscape despite its location remote from the *Randstad*. A favourable combination of location, higher education landscape (see below) and local and regional policymakers drives this successful startup environment. Given the location of the city and its ranking as **the** metropolitan area with other urban areas 'far' away, there is simply no real alternative to Groningen.

In the ICT, health and energy sectors, Groningen ranks in top startup position. There are some historical reasons for this. Its strength in IT is a result of the location of the former KPN headquarters in Groningen. This brought many IT specialists and much know-how to the city. Health is another strong startup domain due to the second largest Dutch research hospital (UMCG) being located in the city and having over 12,000 employees. Finally, being the 'gas-capital', Groningen has a strong focus on (sustainable) energy topics. All three focus areas are also strategic focuses of the province, municipality and the two universities in Groningen. In addition, there are some well-known institutions,

incubators and projects in the three fields, including Health Hub Roden, Energy Academy *Europe, Entrance*, and *5G Groningen*.

The concept of the *Triple Helix* is defined as a university-industry-government relationship initiated in the 1990s, interpreting the shift from a dominating industry-government dyad in industrial society to a growing triadic relationship between universities, industry and government in a knowledge society.<sup>10</sup> The knowledge factor in startup ecosystems is particularly relevant. First of all, universities are nowadays putting much effort into educating their graduates in entrepreneurship. Moreover, graduates without entrepreneurial training from technical or arts-related disciplines more and more also find their way into starting businesses. Furthermore, universities help their students with running businesses. They offer co-working spaces and also run incubators. Together with local and regional governments, knowledge institutions align their strategies when it comes to entrepreneurship and startup facilitation. In the case of Groningen, there is *fertile* ground for a vibrant startup

scene because of the strong focus on entrepreneurship education in both local universities (Hanze and RUG) and the assistance given to startups by the regional and municipal governments.

Networking and collaboration is *lived and alive* in Groningen. Many of the interviewees in the project spoke of the collaborative and supportive culture in the city. Both entrepreneurs and startup facilitators continually mentioned this 'mutual spirit' of collaboration. The same idea is found in official discourse too, e.g. the city of Groningen's official website describes it as a *City of talent* where *samenwerking* (cooperation) is the secret to the city's startup scene.<sup>11</sup>

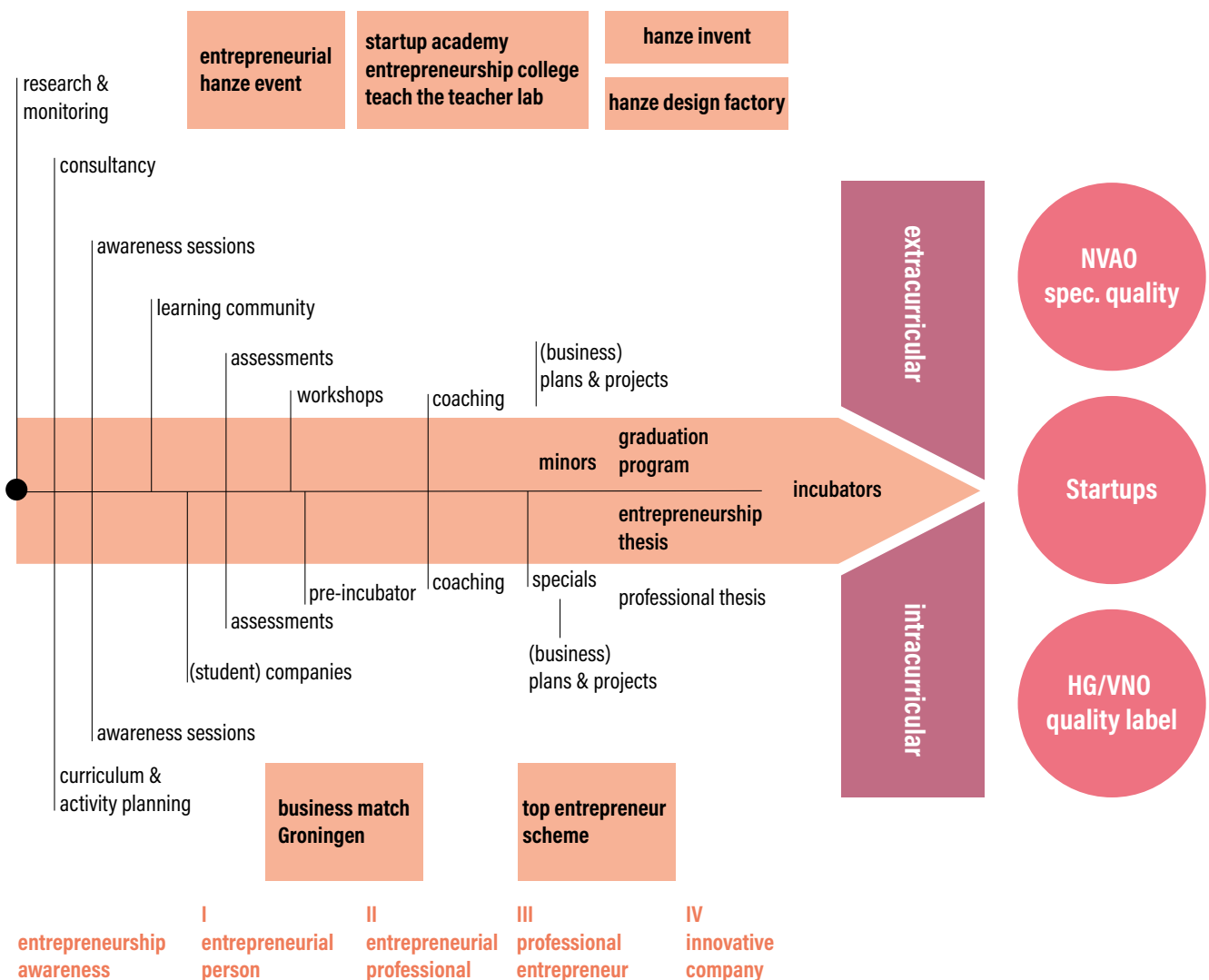
Various startup events and facilities are consistently offered in Groningen, including accelerators, co-working spaces, networking opportunities and over 20 incubators. Particularly co-working spaces are important for startups, as they enable them to work in a safe and reasonable environment while being able to benchmark with co-working startups in the same premises.

Established in 2016, *Founded in Groningen* is an initiative that aims to connect as many Groningen startup ecosystem participants as possible. It publicises events and also hosts and organises them. Furthermore, it collects all the relevant information on the Groningen startup ecosystem. Its webpage serves as a platform for the ecosystem, gathering information about relevant activities and creating a common awareness among the startup players in Groningen.

The platform was launched by young entrepreneurs and to a large extent is funded by the municipality. This initiative can be considered a significant success factor for Groningen startups as it serves as a central community builder in its ecosystem. As will be emphasized later, creating networks and a communal spirit is an important aspect of 'healthy' startup ecosystems.

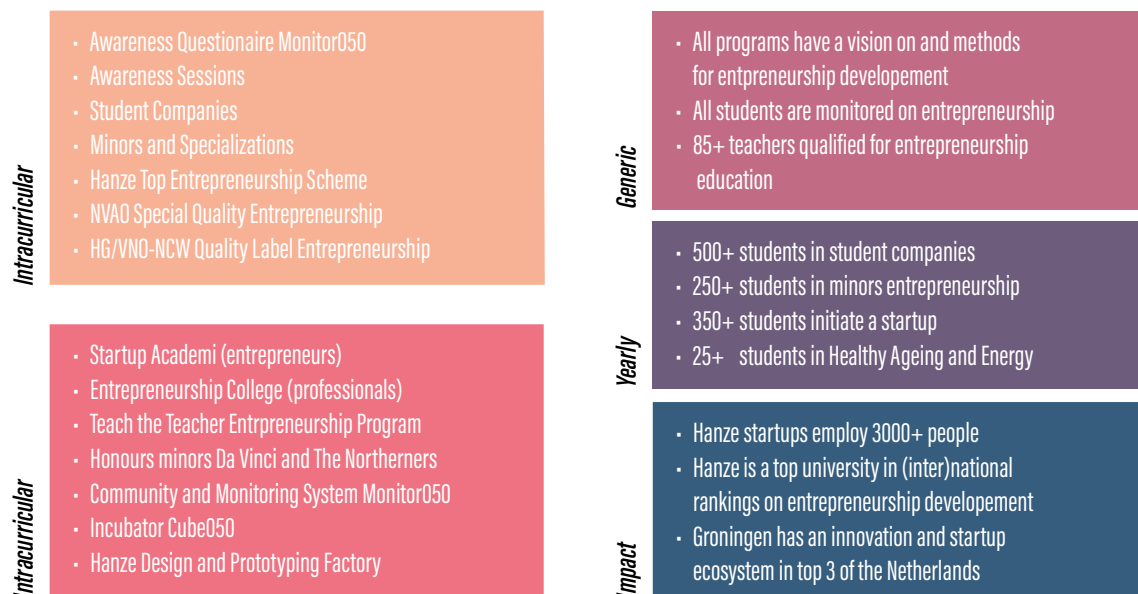
Universities play a significant role in the Groningen startup ecosystem. Groningen ranks in a high position among Dutch student cities both in terms of popularity and numbers. A total of nearly 60,000 students study in the city's two main institutions: the Rijksuniversiteit Groningen and the Hanze University of Applied Sciences. This makes Groningen the youngest city in the Netherlands in terms of the average age.

The Hanze specialises in energy, healthy ageing and entrepreneurship, and students can benefit from teaching and applied research in these focus areas, which is a key success factor for the institution.



As a result of its entrepreneurship programme, which enables students to combine business, innovation and entrepreneurship with their course of study, Hanze ranks in the global top 10 when it comes to spin-offs (applied research projects). Students can even graduate in their own company. The institution also runs a number of incubators and accelerators. In 2017 over 350 Hanze students started their own companies. The strategic aim of the university is 500 student startups by 2020. Some of the startups initiated by Hanze graduates have

been very successful (e.g. *HackerOne* and *Store Support*). Hanze's entrepreneurship tools are broad and penetrate throughout the curriculum. Students can test their entrepreneurship suitability longitudinally throughout their education using a measurement tool for entrepreneurship proficiency called Monitor 050. Classes are offered both internally and in conjunction with external institutions. The newly founded *Startup City* is co-run together with the neighbouring Rijksuniversiteit Groningen.



According to the interview partners, there are also the following **barriers** within the Groningen startup ecosystem:

- *Distance to other large Dutch cities* (the Randstad: Amsterdam, Rotterdam, The Hague, Utrecht). Despite its strategic positioning in the north of the Netherlands, Groningen suffers from physical distance and disconnectedness from the major Dutch cities, which are all grouped together in the south-west at relative close distances to each other, although while this is a barrier Groningen could capitalize on the shorter distance to cities across the German border;
- *Loss of talent*. A large number of students move away after graduation. While Groningen is home to two large universities (RUG and Hanze), it is challenging to keep such talented graduates working and living in the area;
- *Spread of business support organization and lack of centralization*. Despite the relatively good infrastructure in the area, the interviewees still mentioned a need for more and more focused support;

- *Finding a launch customer*. There are not so many large companies as in the Randstad and while there are some big players in the area the biggest companies are still located further away.

In contrast, the **enablers** often named by the interview partners in Groningen include:

- *The regional connectivity of the area*. There is ample access to business support facilities and activities such as incubators, accelerators, co-working spaces, networking events and competitions organized on a regular basis;
- *A good network of experienced entrepreneurs*. These often act as angel investors and mentors for startup entrepreneurs;
- *Access to talent*. There is a strong collaboration between the municipality and universities to attract talented people;
- *Research and development (R&D) facilities*. The focus is on sectors like energy, health and life sciences;
- *National and regional governmental support*. Access to good financial resources (venture capital, banks, angel investors) and access to subsidies.

## FRIESLAND AND DRENTHE

The picture of the three northern Dutch provinces is completed by Friesland and Drenthe. Despite being predominantly rural, there are three main metropolitan areas: Leeuwarden in Friesland and Assen and Emmen in Drenthe.



The economic landscape is diverse. Friesland has a history of dairy farming with *FrieslandCampina* being a major global player in the region. The electronics giant *Philips* also has a large facility in Drachten, Friesland, making the city a key technology hub for the entire country.<sup>12</sup> Drenthe has borders with Germany and is historically and culturally influenced by its canal and marshlands. Drenthe has the lowest population density in the Netherlands.

***“It is not always about the money. It starts with formulating your mission and vision correctly [...] if there is no market for the product or service, it stops.”<sup>13</sup>***

*The main interview findings include the following barriers to startups:*

- A lack of coordinated support programmes for startups;
- A lack of business ideas;
- A lack of talented entrepreneurs;
- Customer acquisition;
- A lack of business knowledge/bad business plans;
- A lack of collaboration with other incubators in the north.

*The following enablers were reported:*

- The existence of decent support with four main incubators: Incubator Leeuwarden, BeStart, IncubAl and Ondernemersfabriek Drenthe;
- A good network of entrepreneurs and mentors;
- Co-working space.

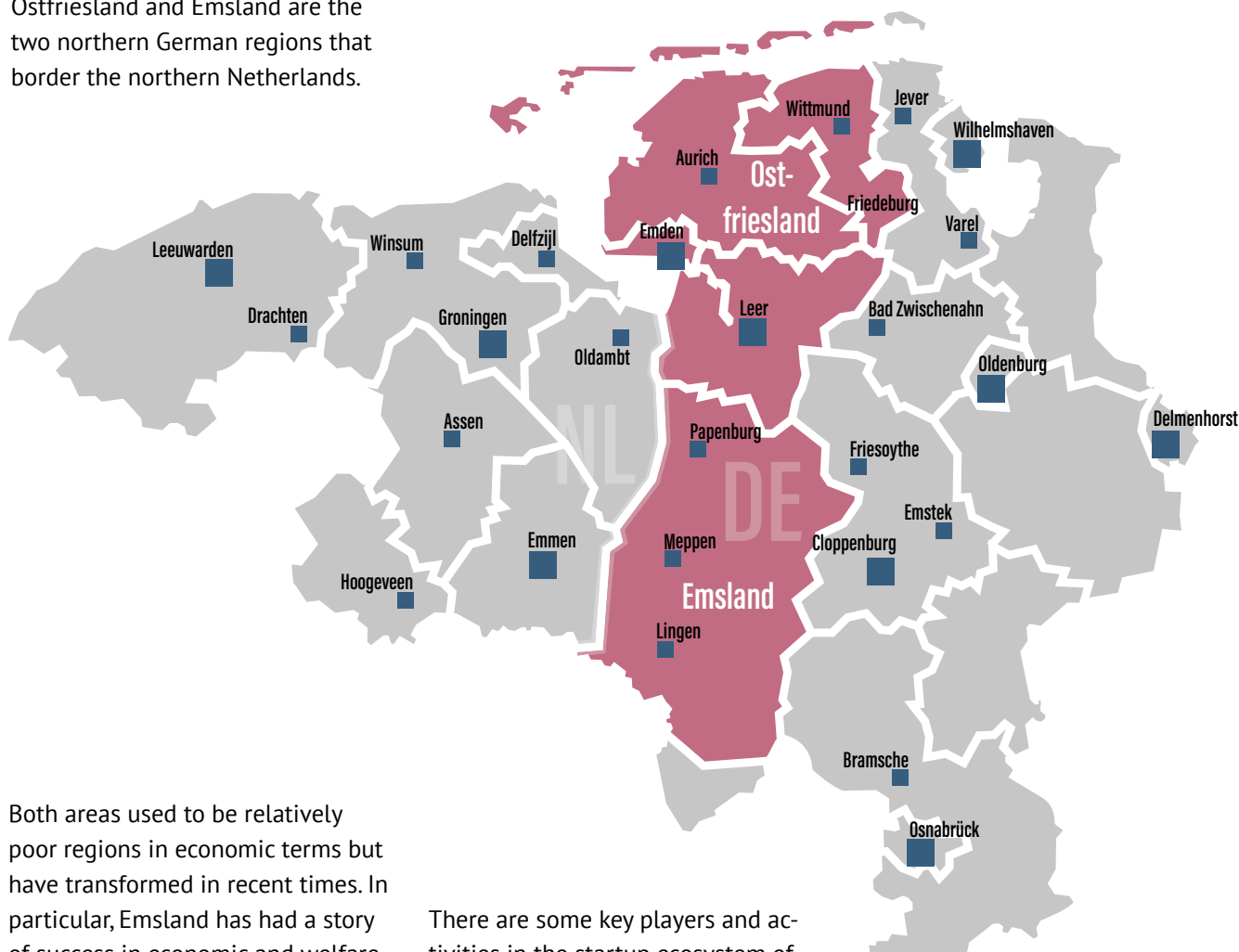
Given the overall characteristics of the region and compared to Groningen, Drenthe and Friesland still have room for (much) improvement.

***“There is no ecosystem in Drenthe. That is a difficult one to process probably. But I think the ecosystem in itself is not there yet. There are a lot of loose and fractured, disorganized initiatives that don’t work together well enough. So, I think the ecosystem needs someone, needs a face, someone who can organize it.”<sup>14</sup>***

The situation in Drenthe and Friesland is comparable to that in Emsland and Ostfriesland in Germany.

## OSTFRIESLAND AND EMSLAND

Ostfriesland and Emsland are the two northern German regions that border the northern Netherlands.



Both areas used to be relatively poor regions in economic terms but have transformed in recent times. In particular, Emsland has had a story of success in economic and welfare terms. Both regions are characterized by a strong *Mittelstand*. These are small and medium sized companies, mainly family owned, that are often in a leading position in their field. Some prominent companies in the region are *Krone*, *Enercon Windturbines* and *Meyer Werft* in Papenburg and *Volkswagen* in Emden, which is the largest player in the region. The economic climate is very good with low unemployment rates. This has recently made it difficult for companies to find suitable talent to fill vacancies. The higher education landscape is characterized by the University of Applied Science Emden/Leer in Ostfriesland and a branch campus in Lingen of Hochschule Osnabrück in Emsland.

There are some key players and activities in the startup ecosystem of the Emsland/Ostfriesland<sup>15</sup> region, which consists primarily of business support agencies that assist new companies and, more generally, support in business areas such as legal and tax-related topics. There is hardly any explicit distinction of *startups* in most of the offers. Overall, the specific typical needs of startups that relate to technology and scalability are not fully addressed by the regional offers.

The University of Applied Science in Emden/Leer offers startup support to its students and in recent months has opened a FabLab where students can cooperate in projects together. The Institute for Project-oriented Learning (IPoL) also provides

hands-on support for startup companies and entrepreneurs. A course in *entrepreneurship* will be introduced into the curriculum for business students in 2019. There have also been some singular successful startups by former graduates, e.g. *MyMuesli* and *Custombars.de*, but there is no real coordinated approach within the university in particular or in the city of Emden overall.



*Ostfriesland and Emsland both provide healthy business environments. Prominent companies attract talent from other regions and business organisations like Ems-Achse have contributed much to the overall economic prosperity of the region. However, the primary research based on interviews in the region indicates the following barriers to startups:*

- *A lack of startup focus in the business support provided:* the support organizations lack practical expertise and experience;
- *A lack of co-working spaces:* more cheap and flexible co-working spaces are required in the region for networking and cooperation;
- *A lack of density of important participants for healthy startup ecosystems, such as co-operation with larger cities, universities and prominent startup companies to build a startup culture in the region;*
- *Small market size:* the cities in the region are small offering low scalability;
- *Not many startups:* prominent startup success stories and role-models are missing;
- *Labour and skill shortage,* due to the tight labour market and relatively small number of university graduates.

*Despite these structural disadvantages, the region clearly has some positive features for a prosperous startup environment:*

- *The existence of various institutional business networks;*
- *The existence of strong industries:* automobiles and energy are strong sectors, although focusing on these sectors also presents structural challenges;
- *The existence of various medium-sized and large companies.* As is typical of the German economy, the region has some strong companies leading in their fields, which is an important part of any entrepreneurial ecosystem.
- *Access to national and international markets.*
- *Low business running costs.* Policymakers in the region have created a favourable environment.
- *High traffic mobility in Ems-Achse.* Seaports are close and with the construction of the A31 Autobahn the region is well connected.

It is obvious that the enablers above mainly regard the overall business environment without a specific startup focus. Given the overall characteristics of the region, it can be concluded that Emsland and Ostfriesland just lack a critical mass at this time for a vibrant and thriving startup culture. The region's startup economy is at an early stage of development and can possibly grow further. For this, more knowledge is necessary and facilities will have to improve (e.g. co-working spaces) so that ambitious startup entrepreneurs will be attracted to the region and will start or grow their businesses there.

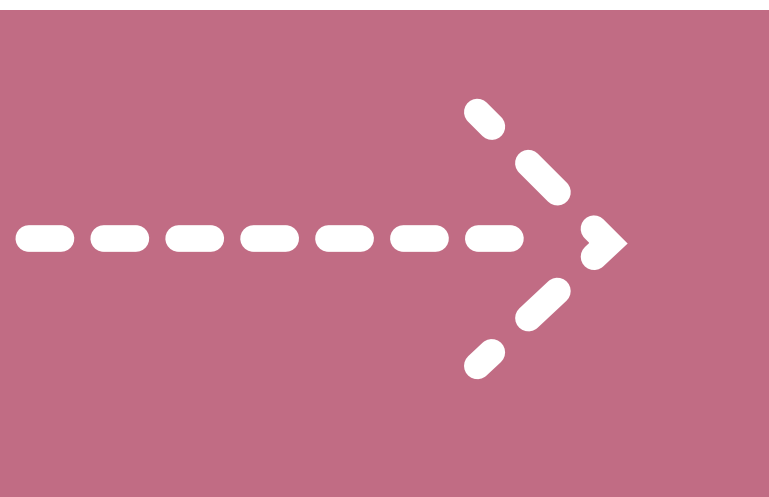
## OLDENBURGER LAND

The Oldenburger Land is a more densely populated area than Ostfriesland/Emsland and is dominated by the university city of Oldenburg. The entire municipality and its surrounding area have approximately 1.1m inhabitants, with a low unemployment rate of 3.6%.



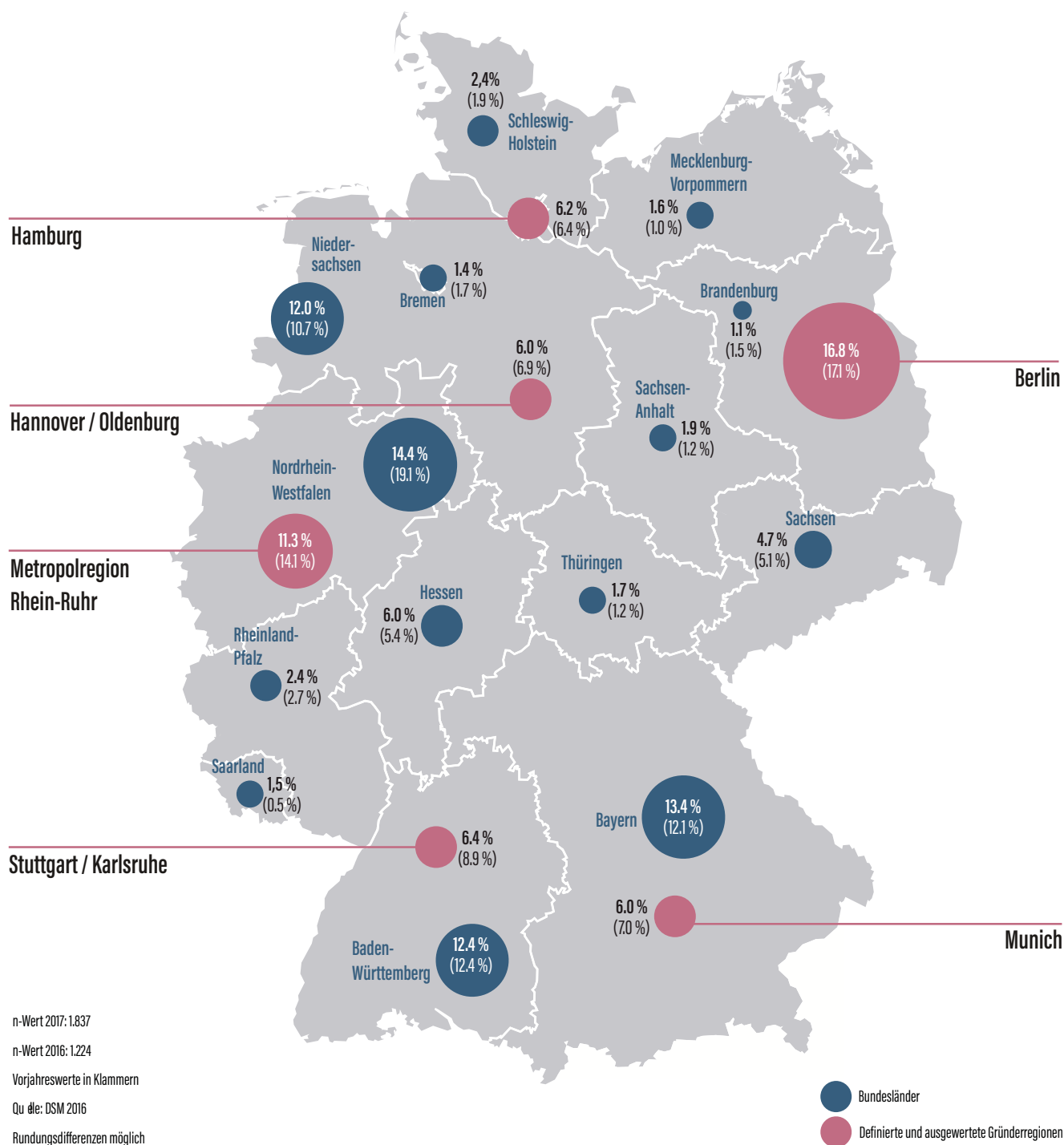
*There are no dominant corporations but the area has several strong industrial sectors, such as:*

- Agrifood (Vechta and Cloppenburg);
- Energy (Oldenburg – influenced by the regional energy and telecoms provider EWE);
- Maritime, due to the seaports in Wilhelmshaven and Nordenham.



Higher education is delivered by two universities in Oldenburg and Vechta and one university of applied sciences with campuses in Wilhelmshaven, Oldenburg and Elsfleth.

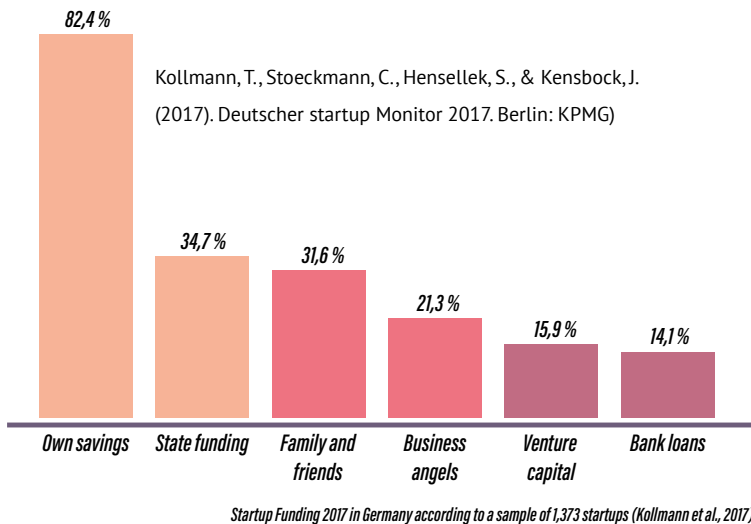
According to the Deutscher startup Monitor 2017, Oldenburg, combined with Hannover, ranks among the top 6 startup destinations in Germany.<sup>16</sup> This is remarkable given that the two cities (even considered separately) are generally not the first choice when it comes to famous entrepreneurship and business success stories. From a startup perspective, Berlin in particular has made it to (international) fame.



The Oldenburg startup success is a result of several factors. The interviewees reported that one key aspect is the involvement in entrepreneurship development of the University of Oldenburg. Two professorships are explicitly dedicated to entrepreneurship and startups. TGO – Technologie und Gründungszentrum Oldenburg – was established long before the current startup boom and offers many typical startup services such as co-working spaces, accelerators and business support. There have been several startup success stories in Oldenburg

(e.g. *Brille24*). The TGO startup Zentrum in Oldenburg has a focus on the areas of energy, health and climate. Its accelerator programme consists of a 120-day training and mentoring programme for new startups and it also offers co-working spaces for a limited time.

Overall, it can be concluded that the city of Oldenburg, like Groningen, maintains a healthy and well-developed startup ecosystem.



*“If you work in a team, then you have to keep the team together – as soon as the team breaks somewhere, the idea is doomed to fail, as long as there is no solid foundation behind it;”*

*The interview partners predominantly identified the following barriers:*

- *Lack of financial support.* According to the majority of the interviewees, startups can have major difficulties obtaining funding, especially in the seed phase;
- *Difficulty in maintaining team composition*
- *Lack of commercial knowledge.* The focus is often on the product and its technicalities instead of on marketing, sales and distribution challenges. This leads to unsuitable marketing planning;
- *Insufficient market and product knowledge;*
- *Administrative barriers.* This is also acknowledged in the startup literature as a common barrier for young companies.

*The following enablers for the startup scene were reported:*

- *Networking and cooperation.* This is a beneficial source of resources in forms other than money, since funding is often perceived as a barrier. Startups networking and helping each other can be very cost-effective and learning from each other about the challenges involved is an important factor because most startups have faced similar challenges;
- *Diverse well-functioning team composition.* This is a critical factor given labour shortages;
- *Business ideas themselves;*
- *A good product market fit;*
- *Academic input from dedicated professorships;*
- *Startup success stories.* So-called startup champions have an inspirational effect on aspiring entrepreneurs and also function as talent attractors and retainers.

## ECOSYSTEM CONCLUSIONS

The analysis above shows that all the ecosystems have similar structures and present similar challenges. However, there are differences in scope and size (urban versus rural). The challenges which are similar for all ecosystems include internationalisation and general

cross-border issues, financing and reaching a critical mass. The analysis of the individual ecosystems has led to revealing insights into the basis of the ecosystems and has also led to conclusions that concern the cross-border context.

## STARTUP COLLABORATIONS

One of the key aims of the *Startup Perspectives* project was to establish existing and potential ways of cross-border startup collaboration. In the following, this topic is dealt with in particular.

## MATCHING THE REGIONAL FOCUS

The *TGO startup Zentrum* in Oldenburg has a focus on the areas of energy, health, and climate, while the *Venture Lab North* in Groningen promotes itself as “the most ambitious business accelerator for startups and existing companies in the northern Netherlands.” *Venture Lab North* also puts emphasis on the energy sector and health themes. Similarly, the city of Groningen has prioritised support programmes in several sectors – among them,

## DELEGATIONS

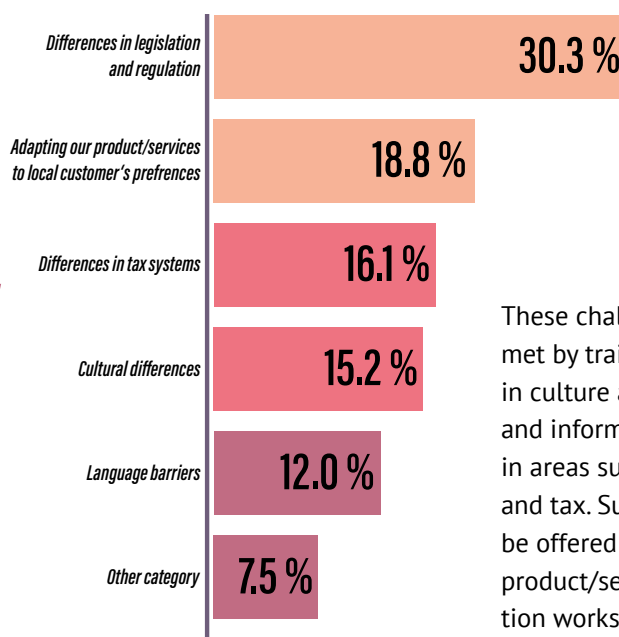
The interviewees in all the ecosystems indicated that they have participated in or heard about mutual delegation visits between the regions. These visits were considered interesting and have enlightened the participants but have remained – according to the interviewees – at a courtesy level. The informative nature of visiting each other does not automatically lead to operational results and concrete cooperation. While mutual visits are in principal welcome, it should be assessed how such visits can be made more concrete and can lead to tangible and sustainable results.

*“We don’t know much about each other. All I know is it would benefit all of us greatly if we collaborated more closely. There is so much potential.”*

energy, healthy ageing and the internet. There is an obvious overlap of industries and focus areas between Groningen and Oldenburg and this offers important opportunities for collaboration between the ecosystems. Knowledge can be exchanged and shared across the border. Cooperation, business support and exchanges at the university level (both students and professors) offer great opportunities. The interview partners from both sides mentioned a desire and necessity to collaborate more closely.

## INTERNATIONALISATION

According to the European startup Monitor<sup>17</sup>, startups across Europe face challenges when internationalising their businesses.

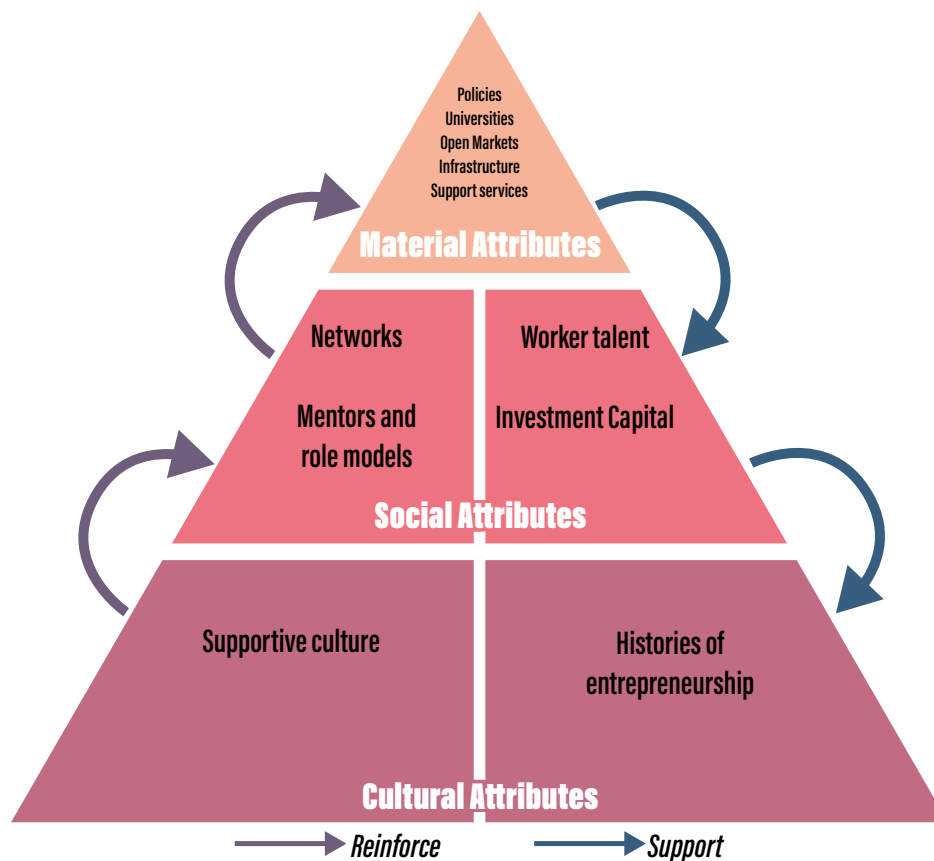


These challenges can be met by training courses in culture and language and information services in areas such as the law and tax. Support can also be offered in international product/service adaptation workshops.

# THE RELEVANCE OF NETWORKING – SOCIAL AND CULTURAL ATTRIBUTES

It became very apparent in many interviews that one of the key success factors for startups and startup ecosystems is a thriving networking culture among (young) entrepreneurs. Startups tend to be open for collaboration with their peers. They also maintain a supportive attitude. It can be assumed that this supportive attitude

results from young university graduates having been used to helping each other and after graduation bringing the attitude into the startup work field. Knowledge is not kept or held back. Instead, people involved in the startup scene want to build communities and work together instead of staying in isolation.



*Spigel, B. (2015). The Relational Organization of Entrepreneurial Ecosystems. Baylor University*

Networking and sharing knowledge needs facilitation. A good example in this respect is the platform *Foundhed in Groningen*, which is financially supported primarily by the municipality and aims to connect as many Groningen startup ecosystem participants as possible.





# CRITICAL MASS – THE NECESSITY OF CROSS-BORDER STARTUP COLLABORATION

The ecosystem research in the border regions has concluded that many efforts are made by policymakers to support entrepreneurship and startups. However, the socio-economic landscape of these regions does not allow for a fully vibrant startup scene for several reasons. Among others are fewer urban areas, an older population, a lower number of higher education institutions resulting in an even lower numbers of regional university graduates. Markets and overall opportunities for new businesses are limited. This has a direct effect on the development and agility of startup ecosystems. A *critical startup mass* may possibly not exist, which means

that the necessary exchange of ideas, networking events and support mechanisms are less developed in the Dutch-German border region.

Interviews with entrepreneurs in rural areas showed that people feel remote from the startup buzz in cities like Groningen and Oldenburg. The respondents mentioned, for example, that they feel frustrated at times because it is difficult to attract talent to rural areas. Instead, young graduates prefer to live and work in more cosmopolitan environments, which Groningen and Oldenburg tend to offer more.

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## CONCLUSION

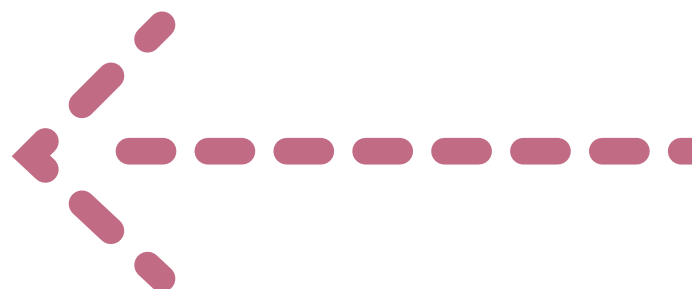
The four ecosystems examined differ in startup scope. While Groningen and Oldenburg are urban startup centres, Friesland/Drenthe and Ostfriesland/Emsland are smaller ecosystems in rural areas that lack a critical mass.

*The four ecosystems have many features in common although in different strengths:*

- Ecosystem characteristics;
- Focus areas, like energy and health;
- Political agendas;
- Startup struggles;
- University entrepreneurship strategies;
- Strong networking and collaboration in successful startup ecosystems;
- A lack of cross-border awareness and integration;
- Internationalisation challenges;
- Large economic and labour market factors.

*In all four ecosystems, the following enablers overlapped and were reported by the interviewees as being crucial:*

- Existence of a good network;
- Business ideas themselves and a startup-friendly legal business environment.



## RECOMMENDATION

*The project has clearly shown that the EDR should embrace the development of a startup strategy in the following ways:*

- Create awareness between the northern startup ecosystems;
- Facilitate cooperation;
- Complement the strengths and weaknesses of each ecosystem;
- Combine ecosystems to reach a critical mass (especially the nearby border regions of the Dutch Drenthe/Groningen provinces and the German Ostfriesland/Emsland regions;
- Match cross-border focal areas like energy, health and ICT;
- Enhance cross-border projects between universities and students;
- Train for cross-border startup internationalisation;
- Train for cross-border startup specialists and mentors.

Numerous ways of cross-border startup collaboration in the EDR were identified. In addition to the sectoral overlaps on both sides, many interviewees mentioned the necessity of collaborating. It is often a lack of awareness about the other side that prevents successful cooperation, networks and collaboration. Cultural differences exist, and the economic impact of the northern startup economy has been recognised. For example, in the city of Groningen alone, 2,000 startups supply the labour market with approximately 10,000 jobs.

The goals and objectives of an EDR startup strategy are clear. A collaborative northern startup scene will create value for the economy and society.

Given the results of the project, it is recommended that an EDR Startup Centre be established.

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## AN EDR STARTUP CENTRE AND DIGITAL CONNECTEDNESS

- A new digital cross-border startup platform would constitute an interface between the two regions. It would create a northern Dutch-German startup community that shares knowledge and events and facilitates connectedness.
- Its content:
  - An interactive cross-border startup ecosystem database;
  - Information on regional startup focus areas;
  - Information on events and awards;
  - startup finance information (with an international cross-border-focus);
  - A cross-border mentoring database;
  - A job market;
  - A startup internationalization training centre with a cross-border focus.
- The EDR startup Centre would host its own regular events and seminars:
  - An EDR startup award;
  - Cross-border startup internationalization seminars;
  - Cross-border startup financing and funding sessions;
  - Cross-border meetups;
  - Cross-border university collaboration – joint entrepreneurship programmes.

The digital platform would create awareness and put cross-border startup activities on everyone's agenda.

The EDR Startup Centre would be **the** recognized centre of cross-border startup expertise for the region. Knowledge from regional experts would be offered on a regular basis in seminars to help startup entrepreneurs connect with their neighbours. It would also be a place where different cultures meet and where different ideas and opinions can be exchanged. Moreover, it should also be the place which coordinates and facilitates all startup activities in the regions – for the benefit of all the regions in general and all entrepreneurs and startup companies in particular.

## LET'S BUILD IT – NOW!

# INDEX

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<sup>4</sup> <https://www.entrepreneur.com/article/302488>.

<sup>5</sup> Blank, Steve (2010). What's a startup? First principles, retrieved from <http://steveblank.com/2010/01/25/whats-a-startup-first-principles/>

<sup>6</sup> <https://www.cityoftalent.nl/en/city-of-talent/entrepreneurship>.

<sup>7</sup> Kollmann et al (2017). Deutscher startup Monitor: Mut und Macher.

<sup>8</sup> On 1 January 2019, the communities of Ten Boer and Haren became part of Groningen.

<sup>9</sup> See Centraal Bureau Statistiek, Google and Wikipedia.

<sup>10</sup> [https://triplehelix.stanford.edu/3helix\\_concept](https://triplehelix.stanford.edu/3helix_concept).

<sup>11</sup> <https://www.cityoftalent.nl/city-of-talent/ondernemen/start-up-city>.

<sup>12</sup> <https://en.icdrachten.nl/companies/Philips>.

<sup>13</sup> Quote from Mr. Martin van der Veen, director of KEINOF – a startup and entrepreneurship facilitator.

<sup>14</sup> Quote from Derren de Jong, Chairman of Growing Workplace.

<sup>15</sup> IT-Zentrum Lingen (Technologie- und Gründerzentrum für die IT-Branche), Gründerpreis Nordwest (Auszeichnung für kleine und große Gründungen in Nordwestdeutschland), IHK für Ostfriesland und Papenburg, Wirtschaftsförderkreis Harlingerland e.V., startup Weekend Ostfriesland (Veranstaltung der Stadtwerke Emden, die Deutsche Energieagentur und startup Germany e.V.), GOOE – the Northern startup Scene, RedOx Gründungsnetzwerk Emden, Emden GründerInnenzentrum (EGZ).

<sup>16</sup> [https://deutscherstartupmonitor.de/fileadmin/dsm/dsm-17/daten/dsm\\_2017.pdf](https://deutscherstartupmonitor.de/fileadmin/dsm/dsm-17/daten/dsm_2017.pdf).

<sup>17</sup> Kollmann et. al (2016). European startup Monitor 2016.

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